



2002 Business Managers' Conference

Session 3 – Topic 4

Integrated Program Management

Dave Bachman

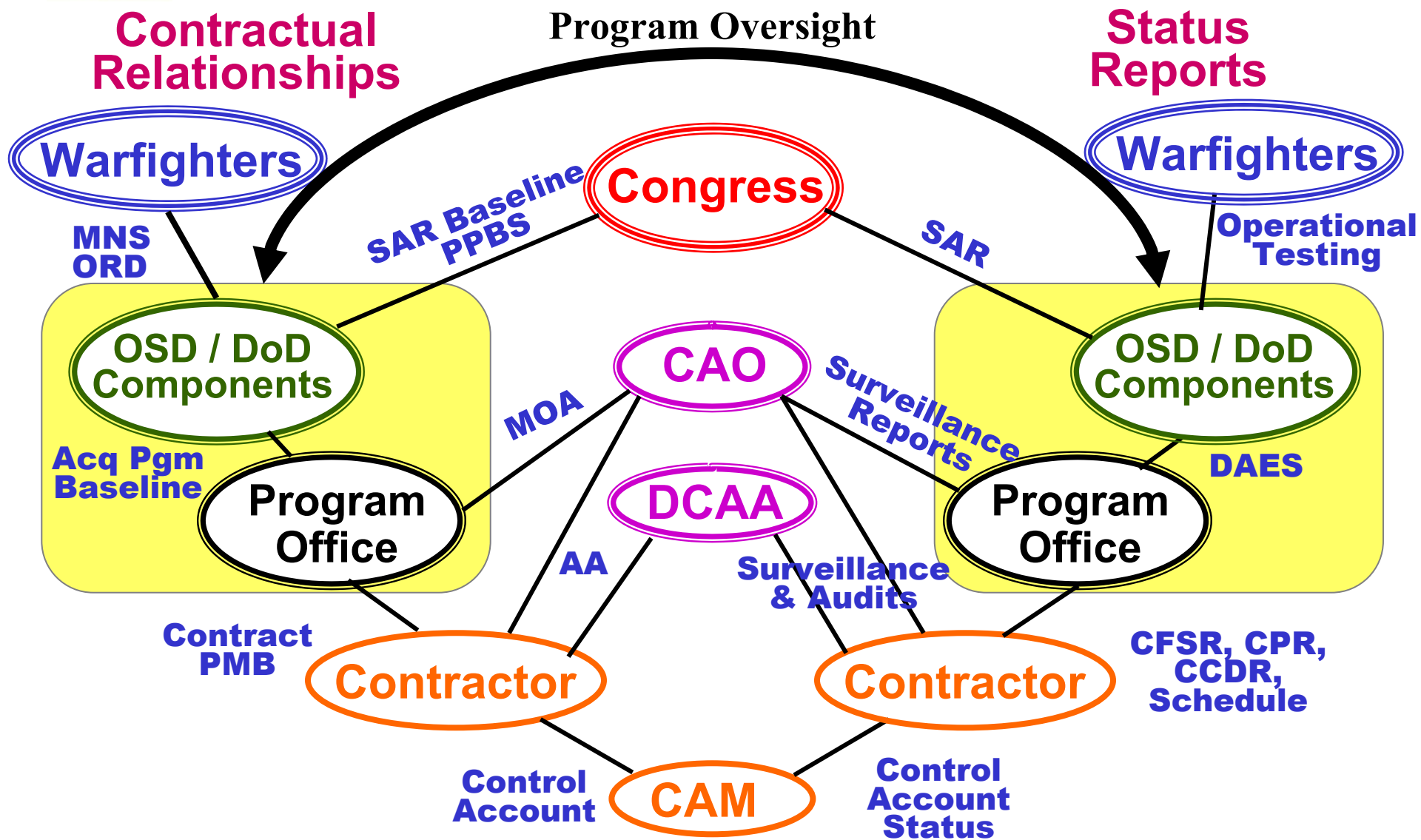
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CONTRACTS AND STATUS REPORTS





Program Manager

RISK

Schedule

- Critical Path Schedules
- Monte Carlo Schedule Simulations
- Program Reviews
- **EVM - BCWS**
- Time Phased Budget

Performance

- System Engineering
- Simulation & Test
- Design Reviews
- TPMs
- **EVM - BCWP**
- Earned Value

CAIV
APB

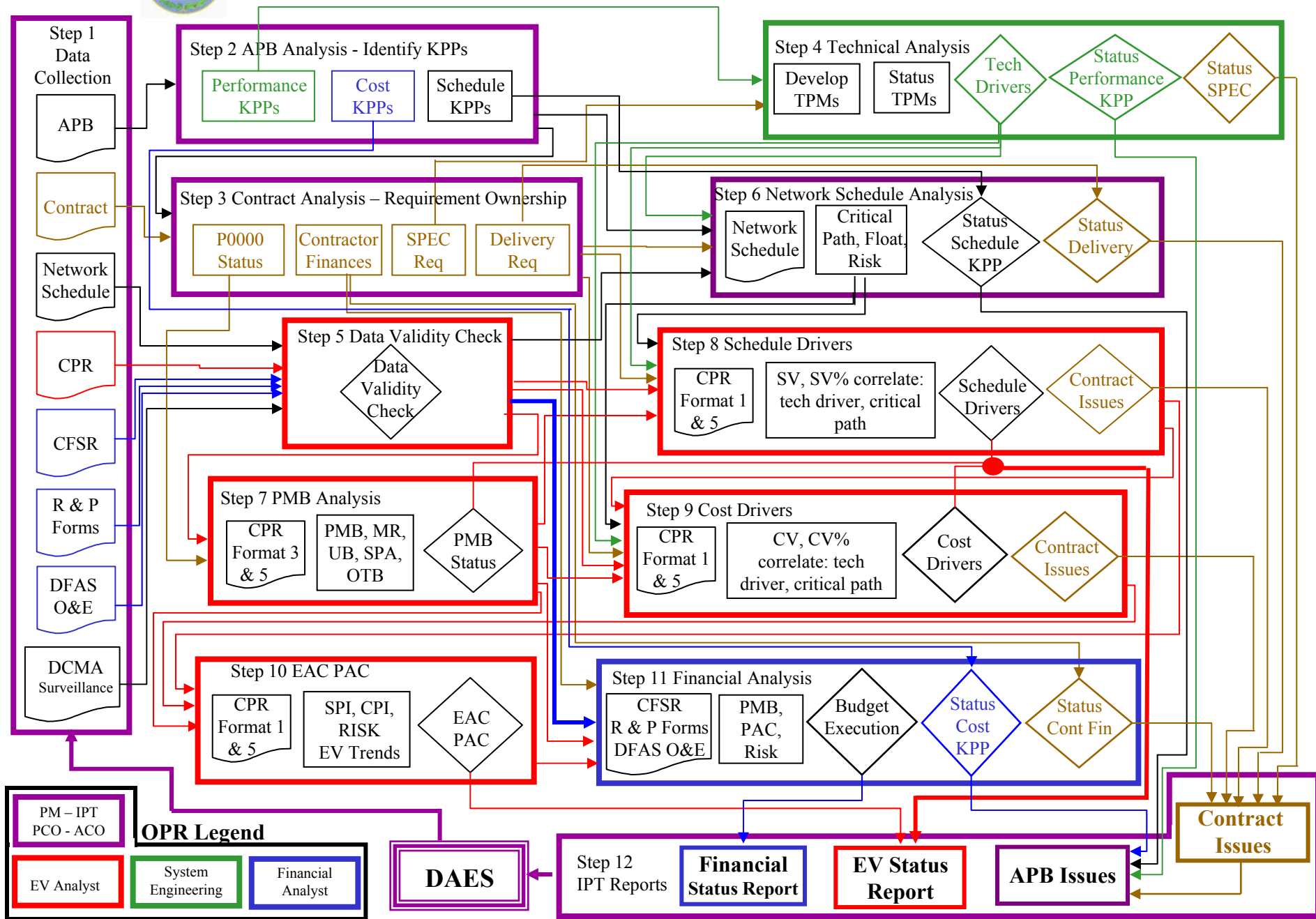
Cost

- CFSR, CCDR, WBS, Cost Estimates
- **EVM - ACWP & EAC**
- Actuals & Forecast Cost



Integrated Program Management

05/07/02
D Bachman



JSTARS ADR

Defense Daily

December 2, 1999

Pg. 5

Air Force, Northrop Grumman Settle Joint Stars Claims

By Vago Muradian

The Air Force and Northrop Grumman [NOC] yesterday settled contract claims lodged by the company against the service to recover costs associated with the Joint Surveillance Target Attack Radar System (Joint STARS) program. "The claims were for cost overruns incurred by Northrop Grumman on initial production contracts for the refurbishment, modification and production of [Joint STARS] aircraft," the Air Force said in a statement. "The cost overruns were due in large part to disruption that occurred in the refurbishment process."

The terms of the settlement were not disclosed, but sources said the company would receive about \$80 million, including interest, from the U.S. government from an original claim of more than \$195 million.

The Air Force plans to buy 14 Joint STARS aircraft over the next decade to support ground troops deployed worldwide. The system is the first, and only, operational airborne ground surveillance and battle management system in the world. Rushed into service during the Persian Gulf War, the planes have seen near-continuous duty from Korea to the Balkans, drawing praise from military leaders.

Northrop Grumman filed its claims against the service more than a year ago before the Armed Services Board of Contract Appeals. But late this summer, both sides opted to resolve their disagreements via "an alternative dispute resolution process...with the assistance of a Board judge acting as a third-party mediator," according to Air Force and Northrop Grumman statements.

Under its original Joint STARS contract with the Air Force, Northrop Grumman was required to comprehensively rebuild used Boeing [BA] 707 jetliners before installing airborne ground surveillance radar equipment. But costs skyrocketed and deliveries were delayed as the company worked to transform the well-worn planes--some of which were used to transport livestock--to the Air Force's exacting standards. The cost of the completed planes mushroomed to more than \$200 million a copy, more than half of which is devoted to rebuilding the 707s. Two years ago, the Air Force scaled back its requirements from calling for a complete remanufacture of the planes, to a less comprehensive and costly overhaul, helping Northrop Grumman get Joint STARS costs in line and production back on schedule.

The company, however, has spent millions of dollars of its own money to bring the planes up to the Air Force's original standards, costs it sought to recover from the service. Failing to do so, Northrop Grumman filed its claim with the Armed Services Board of Contract Appeals.